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SIPDIS

STATE PLEASE PASS TO OFFICE OF INVESTMENT AFFAIRS
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SUBJECT: INVESTMENT CLIMATE 2005

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¶1. The following is posts' submission for the 2005 Investment Climate Statement:

(Begin Text)

Investment Climate 2005 for Yemen:

- Openness to Foreign Investment
- Conversion and Transfer Policies
- Expropriation and Compensation
- Dispute Settlement
- Performance Requirements and Incentives
- Right to Private Ownership and Establishment
- Protection of Property Rights
- Transparency of Regulatory System
- Efficient Capital Markets and Portfolio Investment
- Political Violence
- Corruption
- Bilateral Investment Agreements
- OPIC and Other Investment Insurance Programs
- Labor
- Foreign-Trade Zones/Free Ports
- Foreign Direct Investment Statistics
- Web Resources

Openness to Foreign Investment

As one of the world's least developed countries, Yemen offers international investors natural resources and an inexpensive labor force. On April 14, 2000, the government of Yemen requested accession to the World Trade Organization (WTO) to more fully integrate into the world economy and gained observer status in 2002. In November 2004, the United States Trade Representative, Department of State, Department of Commerce and other key US agencies began talks under the bilateral Trade and Investment Framework Agreement (TIFA). The United States anticipates preparation for WTO accession will further facilitate a free and open investment climate for international investors.

Since unification of North and South Yemen in 1990, the Republic of Yemen embarked on a series of reforms aimed at stabilizing the economy and increasing investment. An International Monetary Fund (IMF) and World Bank-sponsored government economic restructuring program began in 1995. The IMF introduced indirect monetary policy instruments, such as open market operations, rediscount facilities and reserve requirements. While there is significant room for improvement, the ROYG began modernizing customs administrations and streamlining tariff policies under the reform program. To help develop exchange markets, the IMF-advised policies led to the implementation of flexible exchange rate arrangements and supporting monetary policies.

Yemen's macroeconomic factors have largely stabilized although some outstanding issues remain. The Ministry of Finance and the Central Bank of Yemen (CBY) achieved currency stabilization with the Yemeni Riyal (YR); the YR floats at market rates and remains stable at 186 YR per USD. Making dramatic strides, inflation, as measured by the Consumer Price Index (CPI), declined from 71 percent in 1994 to 11.8 percent in 2003. In 2004, the Central Bank estimated the inflation rate in the 12 percent bracket and maintaining its stability remains one of the most significant monetary policy challenges Another source, the IMF's September 2004 World Economic Outlook report, stated a CPI increase of 15.3 percent for 2004 and projected a 15.2 percent increase for
¶2005. It also projected 2.7 percent real GDP growth in 2004 and the same for 2005. Foreign currency reserves in 2004 reached USD 5.2 billion, or 15.3 months of imports. As of June 14, 2001, the Paris Club rescheduled most of the external debt ($12 bn) and commercial debt has largely been eliminated through a World Bank grant program. According to a September 2004 World Bank report, Yemen's debt-to-GDP ratio was 49.0 percent and its debt service-to-export of goods and services was 4.6 percent.

With the implementation of tax incentives for merchants,

Yemen's trade environment is steadily improving but more government focus is needed on privatization and financial sector reform. To accede to the WTO, the ROYG must review its tariff structure. A simplified and less protective tariff structure is currently being debated and there are plans to dramatically reduce and eliminate nearly all import bans, export restrictions, import licensing requirements, and to adopt a unified tariff structure. Under Investment Law 22 of 2002, duties applied on raw materials not available locally are exempted by 50 percent. For agriculture and fisheries projects, all fully imported materials are exempt from duty. An April 2004 Presidential directive decreed that land be granted to investors at no cost if the project capital is more than 10 million USD and the investment projects enjoy profit tax exemption. For example, in late August 2004, the Saudi-owned Arab Company for Tourist Development and Investment was granted a large amount of land to construct a tourist village in Ibb city, stretching over 127 thousand square meters worth $25 million.

A privatization program started in 1998 with sixteen enterprises in industry, tourism, and trade, came to a standstill in April 2001 when Parliament refused to approve a World Bank credit to fund a larger, long-term privatization program. In 2004, the Privatization Technical Bureau offered five trade companies for sale; the bureau is preparing 17 other troubled trade companies for privatization in the future. A law to bring increased authority to the Central Bank is being considered. Commercial banks have also been required to improve their accounting procedures and loan recovery rates. The banking system remains weak, with most commercial banks owned by large business families who are reluctant to lend money to those not known to them. Roughly three percent of Yemenis have bank accounts and most financial transactions occur outside of the commercial banking system.

After adopting several key economic reforms in the 90s, progress stalled in 2001 as the ROYG focused on important security issues. In October 2004, a World Bank report noting, "because of the slackening pace of reforms (in Yemen) downside risks to medium-term macro-economic stability have increased." Partly in response to this report, in January 2005, Parliament passed the 2005 budget calling for several economic reform measures, including reducing the diesel and gas subsidy, with the provision that the government implement several economic and administrative reforms.

The government adopted a policy of uniform treatment for all investors, domestic and foreign in 1992. The lead government agency is the General Investment Authority (GIA), established in the same year. Over the last decade, the GIA has cooperated with the World Bank's (WB) Foreign Investment Advisory service to update Yemen's Investment Law 22 of 1991 (as amended). The alternative Investment Law Number 22 of 2002 was adopted by Parliament on June 2002 and signed by the President on July 20, 2002. Implementation began in October ¶2002.

As written, the 2002 investment law safeguarded all exemptions and benefits called for in the previous investment law and mandates that the GIA de-emphasize licensing and focus on registration and promotion. Once fully implemented, the GIA will become both a licensing and investment promotion body. The law eliminated government and GIA and intervention in investment projects and gave wider freedom to investors in running their projects. The law canceled some legal provisions, which provided special exceptions for investors from obtaining import and export licenses from the Ministry of Industry and Trade. The law is intended to encourage local production by reducing customs duties by 50 percent on imported raw materials and 100 percent on raw materials produced locally for agricultural and fisheries projects. Finally, the law canceled some tax categories. This investment law falls under the government's financial, economic and administrative reform program, and is intended to encourage foreign investment.

Under amended Law 22 of 2002, the GIA registers and promotes investment opportunities. The GIA provides potential investors with an information packet that includes a copy of the investment law, an investment guide summarizing GIA activities, and an application form with instructions. Packets may be obtained from the promotion section, General Investment Authority, P.O. Box 19022, Sanaa, Republic of Yemen (Telephone: 967-1-262-962/3 or 268-205; Fax: 967-1-262-964, E-mail: mohdhussein@yahoo.com; Website: www.giay.org).

The GIA welcomes investment in all sectors with the exception of arms and explosive materials, industries that could cause environmental disasters, banking and money exchange activities, and wholesale and retail imports. Investments in the exploration and production of oil, gas and minerals are subject to special agreements (e.g., production sharing agreements) under the authority of the Ministry of Oil and

Minerals and do not fall within the purview of the GIA. Investment is open to Yemeni, Arab, or foreign investors acting solely or in partnership on any project.

Boycott issues: Yemen formally renounced observance of the secondary and tertiary aspects of the Arab League Boycott of Israel in 1995. However, occasional reports of violations have occurred due to Yemeni companies use of old purchase order forms that contain prohibited language. When these violations are brought to the attention of concerned officials, corrective action is taken. Yemen has stated that it will not renounce the primary aspect of the boycott absent an Arab League consensus. Occasionally individuals or organizations will call for boycotts of US products. Since the 2003 war in Iraq and throughout 2004, one Yemeni distributor/producer of a prominent American-branded consumer product received a number of threats to his factory.

In late 2004, the Islands Development Public Authority announced more than 4,000 investment opportunities in the resource-rich islands of the Red Sea and Indian Ocean. The government hopes that tourism along with investments in other sectors will create 250,000 additional jobs for these impoverished island populations.

In November 2004, the government announced the creation of three industrial zones in Aden, Hodaida and al-Mukallah that will concentrate on manufacturing and infrastructure. The Executive Order provides for the regulation, management, and supervision of industrial zones. In conjunction with the establishment of the industrial zones, the government is lobbying industrialists to invest in these zones, construct its infrastructure, and manage operations.

Conversion and Transfer Policies

The Yemeni Riyal is freely exchanged at market rates and has been largely stable for the last five years at 186YR/1USD. Most foreign currencies, especially US dollars, are readily available and trade freely at market rates. Investors may transfer funds in hard currency from abroad to Yemen for the purpose of investment and may re-export invested capital, whether in kind or in cash, upon liquidation or project disposal. Net profits resulting from investment of foreign funds may be transferred freely outside of Yemen. Cash transfers are limited to 10,000 USD, transfers above that amount must receive approval from the Central Bank of Yemen.

Expropriation and Compensation

In the Republic of Yemen's fifteen-year history, there have been no cases of property expropriation. The government recognizes that expropriation (which existed in the former socialist Peoples' Democratic Republic of Yemen (PDRY) until reunification in 1990) is contrary to its economic aspirations. Most of the lands expropriated by the PDRY were returned to the rightful owners. Land registration, however, is in its infancy and disputes over both residential and commercial plots are frequent and nearly impossible to adjudicate legally (see Dispute Settlement section). One American company has purchased the same plot of land on which its factory lies several times. Since deed information is inexact, owners can sell multiple copies of a deed, and commercial suit options are extremely time-consuming, prone to corruption, and judgments are often not enforced.

Yemen's investment law stipulates that private property will not be nationalized or seized, and that funds will not be blocked, confiscated, frozen, withheld or sequestered by other than a court of law. Real estate may not be expropriated except in the national interest, and expropriation must be according to a court judgment and include fair compensation based on current market value.

Dispute Settlement

While there have been no significant investment disputes involving US investors in the past several years, commercial disputes are common. Yemen is a signatory the Convention on the Settlement of Investment Disputes, as well as the 1958 New York Convention on Arbitration.

Yemen's judicial system is inefficient and corrupt. While Yemen's investment-related laws are generally sound, enforcement remains problematic at best and nonexistent at worst. The government has special commercial courts to provide a mechanism for commercial dispute resolution, but they are generally considered ineffective as well. In January 2005, the Minister of Justice, with the support of President Saleh, removed several high-ranking Ministry of

Justice officials and judges in an effort to reduce the corruption and ineffectiveness of the court system. International donors actively encourage the government to press forward with more extensive judicial reforms. Business disputes are generally handled by informal arbitration or within Yemen's court system. In 1998 the Yemeni Center of Conciliation and arbitration, a private arbitration center, was created by a group of lawyers, bankers, and businessmen as an alternative to the courts. The center has settled about 37 disputes so far in the areas of trade, finance, construction and industry, and is gaining recognition as a viable alternative.

Most investors are best served by establishing a partnership with a Yemeni who knows the system, and by including an international arbitration clause in their contracts. In cases involving interest, most judges use Shari'a (Islamic) law as a guideline, under which claims for interest payments due are almost always rejected. Local commercial banks are sensitive to this problem, and rarely lend to other than established, large trading houses well known to them.

Performance Requirements and Incentives

Yemen's investment law does not specify performance requirements as conditions for establishing, maintaining or expanding investment. Incentives permitted under the law include, but are not limited to: Exemption from customs fees and taxes levied on fixed assets of the project; tax holiday on profits for a period of seven years, renewable for up to 18 years maximum; the right to purchase or rent land and buildings; and, the right to import production inputs and export products without restrictions and registration in the import/export register.

Right to Private Ownership and Establishment

While foreigners may own property, foreign companies and establishments generally operate in Yemen through Yemeni agents. Law 23 of 1997 (as amended) regulates agencies and branches of foreign companies and firms and outlines the requirements for establishing a Yemeni agent. Chapter 3 of Law 23 permits foreign companies and firms to conduct business in Yemen by establishing foreign-owned and managed branches. Foreign establishments wishing to open branches in their own names must obtain a permit by decree from the Minister of Industry and Trade. Regarding investment projects, under the 2002 investment law, foreigners can own 100 percent of the land and can execute projects without a Yemeni agent and without obtaining import/export license from the Ministry of Industry and Trade or implementing Law 23 of 1997 (the investment law implemented in October 2002 has precedence over other laws). As a practical matter, however, foreign establishments should plan to engage a Yemeni partner.

Mortgage lending in Yemen is rare because of the unwillingness of the court system to uphold the payment of interest. In addition, Yemen has a long history of incomplete or inaccurate land records and frequent land ownership disputes, making the use of real estate as collateral difficult. While the General Survey Authority is working to establish a just and legally defensible land registry system, implementation remains some years off.

Protection of Property Rights

Yemen has a record of inadequate protection of intellectual property rights (IPR), including patents, trademarks, designs, and copyrights. In late 2004 the Cabinet approved the Berne Convention for the Protection of Literary and Artistic Works, as well as the International Agreement on Protecting Intellectual Property Rights. Parliament has yet to ratify these agreements. Yemen has yet to accede to any international IPR conventions and its IPR Law number 19 of 1994 is not TRIPS compliant. Yemen's Ministry of Industry and Trade drafted a new patents law; trademark law, and a design and copyrights law, pending final adjustments the laws will be sent to the Cabinet and later to Parliament for final approval. In continuing efforts, the Ministry of Culture and Tourism drafted the Related Rights Law, which awaits Parliament's approval. In March 1999, Yemen became a member of the World Intellectual Property Organization (WIPO) and is now revising its laws with WIPO guidance. Yemen's application to join the World Trade Organization (WTO) was approved in July 2000 and the country gained observer status in 2002. Yemen held its first working party meeting for WTO accession in November 2004 and will hold the second meeting in 2005. As part of its accession requirements, Yemen will need to enact its revised IPR legislation and take concrete steps to enforce these laws adequately.

In 1999, a large US-based multinational firm litigated successfully a trademark infringement case in Yemen's courts. The ruling is now under appeal and the violator continues to infringe on the trademark despite the court ruling. A final resolution was expected by the end of 2000, but it is still pending in the Supreme Court. Three rulings by Primary Court, Appeal Court and Supreme Court were in favor of the US Company. Due to the difficulty in enforcing the ruling, both disputing parties agreed on an amicable arbitration. In a second case involving a US Company's trademark, the Appeal Court handed down a final ruling in April 2001 in favor of the US Company. In August 2003, the Supreme Court rejected the appeal of the company producing the infringed products and ordered it to cease production and destroy the infringed trademark. However, this ruling has not been enforced.

Transparency of Regulatory System

Implementation and enforcement of Yemen's environmental protection regulations, labor laws, customs tariff regulations and tax laws are inadequate and non-transparent. Health and safety standards are rudimentary and not enforced.

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Efficient Capital Markets and Portfolio Investment
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In the 1990s Yemen's banking system suffered from a large volume of non-performing loans, inadequate loan provisioning, low bank capitalization, and weak enforcement of prudential standards. Under a 1997 World Bank-sponsored financial sector reform program, the government took actions to address these problems. A bank reform law was passed in 1998 to update, strengthen, and regulate the industry. By 2000, the Central Bank of Yemen (CBY) had circulated strict regulations pertaining to credit risk management, liquidity, insider lending, foreign exchange exposure, financial leasing and external auditors. Banks are required to reach a capital adequacy ratio of eight percent and meet new classification and provisioning standards for loan portfolios and most comply. Nevertheless, commercial banks still suffer from extremely low capitalization rates and are essentially owned by large trading families who establish the bank to service their own business needs.

In early 2005, the Cabinet of Ministers restructured the Agricultural Cooperative Credit Bank into the Rural Development Bank and raised its working capital to 32 million USD. The new bank aims to augment the state's efforts in the rural local development.

Private sector lending is constrained by a lack of judicial recourse to recover bad loans. To correct this weakness, a steering committee produced a series of reform recommendations in 1999. Among the recommendations was the establishment of special loan recovery courts. The recommendations have not been implemented.

In 1999, under the WB/IMF's financial sector reform effort, the government announced the merger of four majority-government-share banks with an eye toward privatizing the merged entity. In 2004, the press speculated that the National Bank of Yemen was solvent and would be part of the merged entity. The Yemen Bank for Reconstruction and Development was also restructured and likely to be part of the privatized bank. The two remaining specialized banks, housing and agriculture, were also restructured but are not healthy enough to be merged to the others. At present, the merger has not moved forward for any of the four government-owned or majority government-share banks.

In June 2000, the president signed the Central Bank Law Number 14 granting the CBY greater independence. Its mandate is to focus on price stability, limit public sector financing to emergency loans, adopt its own monetary and exchange rate policies, and enforce greater commercial bank accountability. The CBY is authorized to conduct inspections of all bank implementation provisioning and capital increase schedules, and it enforces penalties and corrective measures. In 2003, Parliament passed a Money Laundering Law, which the CBY has begun to implement and enforce.
Inter-bank activities are limited, and there are no equity or bond markets. In the recent past, the government hoped to establish a stock market in Yemen to promote the government's private sector-led growth strategy. However, the consensus of most Yemeni and foreign observers is that the country currently lacks the expertise to establish a stock market, and there are not sufficient numbers of Yemeni investors to sustain an active stock market. The CBY began offering treasury bills in December 1995. Commercial banks purchased a large share of the bills, investing up to 30 percent of their assets. The interest rate on T-bills was gradually

reduced from a high of 23 percent in 1999 to about 13 percent in 2004 in order to encourage investment lending.

Political Violence

While kidnappings were halted for almost three years, tribesmen seeking jobs for relatives briefly kidnapped an Australian citizen in August 2004. Kidnappings of foreigners have occurred sporadically since the 1970s. Some tribal groups have used hostage taking to put pressure on the government to obtain projects or services, or to focus government attention on the redress of grievances. Victims have included foreign businessmen, diplomats, aid workers and tourists. Historically, most were treated well and released unharmed after two to three days, although some were held as long as four weeks. A botched rescue attempt during a May 2000 kidnapping of a Norwegian citizen resulted in his death. Tribal kidnappings of foreigners have declined significantly since 1998 as a result of capital penalties enacted by the Yemeni government.

In December 1998 16 foreign tourists were kidnapped in Abyan Governorate Four died during a government rescue attempt, at least two of those at the hands of the kidnappers. Islamic extremists were responsible for this kidnapping. The kidnappers were tried, found guilty of murder, and sentenced. The Yemeni national who led the kidnapping was sentenced to death under the anti-kidnapping law of 1998; he was executed in October 1999. In late December 2002, three American doctors were killed near the city of Ibb; the perpetrator was caught, convicted and sentenced to death.

Some tribal elements hijack automobiles or other expensive equipment owned by foreign companies as a means to pressure the government to accede to their demands. This occurs most frequently in areas of oil and mineral extraction, with some tribes in these regions claiming they are not getting their share of the wealth. Investors in such ventures should be sensitive to the need to build community relations. Provision of community-based services, such as healthcare and education, has contributed toward protecting investments in isolated areas.

The October 2000 attack on the USS COLE in Aden harbor in which 17 US servicemen and women were killed, and the October 2002 bombing of a French oil tanker the M/V Limburg off the coast of Mukalla were acts of international terrorism.

In 2004, the government put down an armed rebellion in the northern Sa'ada governorate where an anti-American Shiite cleric lead an uprising against government troops lasting over three months. The Zaidi conflict ended when the rebel leader al-Houthi was killed in August.

The Republic of Yemen Government and the United States cooperate closely on counter-terrorism.

Corruption

In 2004, Yemen's Transparency International corruption score dropped for 88th to 112th place out of 145 countries. One of the poorest countries in the world with a hugely overstaffed and underpaid civil service, Yemen has a significant and widely acknowledged corruption problem. Illicit activities include soliciting and paying bribes to facilitating or obstructing projects, leveraging dispute settlements, skewing taxation and customs tariff augmentations, and engaging in family or tribal nepotism. The government recognizes that it must enact civil service and administrative reforms to create new disincentives to corruption. In 2003, a new Minister of Civil Service was appointed who initiated several programs to improve the civil service. In September 2004, the Cabinet approved the United Nations' Convention combating different forms of corruption.

Bilateral Investment Agreements

The US and Yemen signed a Trade Investment Framework Agreement in 2004. According to the General Investment Authority, Yemen signed three agreements in 2003 and one in 2004s, bringing the total bilateral treaties to 35. Yemen has bilateral investment treaties with Algeria, Austria, Bahrain, Belarus, Belgium, Bulgaria, China, Djibouti, Egypt, Ethiopia, France, Federation of Russia, Germany, Hungary, India, Indonesia, Iran, Jordan, Kuwait, Lebanon, Malaysia, Morocco, the Netherlands, Oman, Pakistan, Qatar, South Africa, Sudan Sweden, Syria, Tunisia, Turkey, the UAE, Ukraine, and the United Kingdom. Yemen has initialed agreements with Croatia, Mongolia, and Romania.

OPIC and Other Investment Insurance Programs

Yemen and the United States signed an investment guarantee agreement in 1972. As of October 1997, OPIC and EXIM Bank provide guarantees for both private and public sector projects of short and medium duration (up to seven years). Yemen is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

The Yemeni government generally follows International Labor Organization (ILO) standards regarding labor laws and worker rights. In 1999 it ratified ILO conventions on the elimination of the worst forms of child labor and the minimum work age for employment. As in other areas, enforcement of labor laws is weak. Child labor is an issue of special concern. Most children work with their families in agriculture, although an increasing number are being sent out to work in shops and restaurants. To address this issue, the government signed an agreement to cooperate with the International Program on Elimination of Child Labor (IPEC) in ¶2000. After ratification of the ILO, the government established the Child Labor Unit at the Ministry of Labor to implement and enforce child labor laws and regulations. Investors find the local pool of skilled labor for technology intensive ventures limited.

Yemen's overall illiteracy rate for persons age 15 and older is 50 percent (World Bank, September 2004), 28 percent for men and 68 percent for women. Given the return of thousands of unskilled and semi-skilled Yemeni laborers from Saudi Arabia, Kuwait and other Gulf states during the 1990-1991 Gulf war, Yemen's unemployment rate stands at about 35 percent. Those who complete secondary education and university studies in Yemen often do not possess the same professional standards as their counterparts from Western educational institutions. University graduates also experience difficulty finding appropriate employment and are sometimes unwilling to accept lower skilled jobs. The government is beginning to focus on increasing access to and improving the quality of vocational training as a means to develop a cadre of skilled laborers in high demand fields, including construction workers, electricians, plumbers and carpenters.

Foreign-Trade Zones/Free Ports

The Yemen Free Zone Public Authority was established in 1991 to develop the Aden Free Zone. Yeminvest, a joint venture between the Port of Singapore Authority (PSA) and the Bin Mohfoud Group of Saudi Arabia, was awarded the concession to develop the area. The government bought out the Yeminvest contract in October 2003 and Overseas Port Management is temporarily operating the Aden Container Terminal. The government is presently reviewing tenders for a new operator for the ACT and the announcement is expected to occur this year. The Ministry of Transport is now the contact point for offers from International operators to manage the Aden Container Terminal (ACT). Opened in September 1999, ACT logged steady growth through 2001. The October 2002 terrorist attack on the French oil tanker M/V Limburg caused shipping insurance premiums to raise 300 percent. As a result, ships were diverted to the ports of Djibouti and Salalah in Oman. Since the summer of 2003, shipping insurance premiums have begun to drop yet by year's end 2004, they still have not dropped to zero percent, as is standard in Dubai and other nearby ports. Insurance premiums were reduced in late July 2004 to 0.009375 percent of the ships' value and 0.03 percent for oil tankers. A further discount of 20 percent of the premium is granted to ships carrying out three or more journeys a month to Yemen's ports, representing the lowest rates since the 9/11 attacks. The port mainly serves as a transshipment hub, but attempts are being made to increase the percentage of the local cargo through the development of the industrial and warehousing estate.

In its first phase of development, ACT planned to handle up to 1 million Twenty-feet Equivalent Units (TEUs) annually on its two-berth, 700m quay. Those plans have been scaled back, and current capacity is 650,000 TEUs annually. The 35 hectare container yard can store 10,000 boxes. Yemen Ports Authority constructed a new 270-meter long and 12 meter deep dock assigned for unpacking the wheat-loaded vessels. The dock will alleviate burdens of the other seven docks in the port.

A industrial and warehousing estate called Aden District Park (ADP) was launched in November 2002. The Aden Container Terminal and the Aden Free Zone are promising areas for investment. Opportunities in light industry, repackaging and

storage/distribution operations are welcomed. Future plans include development of heavy industry and more extensive tourist facilities in the greater Aden area.

Free zone incentives include 100 percent foreign ownership, no personal income taxes for non-Yemenis, and a corporate tax holiday for 15 years (renewable for 10 additional years), 100 percent repatriation of capital and profits, no currency restrictions, and no restrictions on, or sponsoring required, for the employment of foreign staff. Aden's main selling point is its strategic location - nine days steaming from Europe and seven from Singapore. It is four nautical miles off the main Far East - Europe sea route. For further information, contact: Free Zones Public Authority (AFZPA), (Main Center) P.O. Box 5842 Khormaksar, Aden, Republic Of Yemen, Telephones: 967-2-234484/5/6, Fax: 967-2-235-637, e-mail: Adenfz@Y.Net.Ye; Website: Www.Aden-Freezone.Com

In May 2001, a new terminal at Aden International Airport was officially opened. In addition, a study was completed in August 2001 for future plans for the airport to include a duty free zone and cargo village to facilitate transit trade with the Aden Free Zone port facilities. The Aden Free Zone Authority is looking for a company to build and operate the cargo village. Yemen Free Zones Public Authority (YFZPA) intends to supervise the cargo village, though the YFZPA has not received the land to date.

Foreign Direct Investment Statistics)

Yemen produces no reliable statistics on foreign direct investment. Most US investment in Yemen is in oil exploration, production and oil field services.

Web Resources

United States Embassy in Sanaa, Yemen
http://usembassy.state.gov/yemen/

The US Embassy website provides latest embassy news, reports, travel warnings, visa information, programs and events.

Export.gov
http://www.export.gov/

Export.gov provides online trade resources and one-on-one assistance for American businesses who would like to start or expand global sales.

(End Text)
Krajeski